

Exhibit "C"
Jefferson County
Tax Increment Financing Industrial District Plan
For the North Jefferson County Industrial Area

1. INTRODUCTION

Jefferson County is interested in fostering the development of secondary, value adding industries in Jefferson County as part of their overall mission to promote economic development, to improve area employment opportunities and to expand the tax base. In particular, the County is interested in developing new industries that will, in part, replace the reduction that has occurred in its mining sector. Efforts will be focused on businesses in the manufacturing sector as well as other value-adding industries. This effort will be facilitated, in part, through the creation of a Tax Increment Financing Industrial District or TIFID, which will encompass an area, described below, as the North Jefferson County Industrial Area.

Brief Overview of Jefferson County and the Proposed Tax Increment Industrial District



Jefferson County, located in southwestern Montana was established in 1865 and is one of the original nine counties of the Montana Territory. The Jefferson River, named by explorers, Lewis and Clark, for President Thomas Jefferson, runs through the county. Jefferson County's slogan "The Undiscovered In-Between" was derived from its location between Bozeman, Butte and Helena. (<http://www.jeffco.mt.gov/>)

Jefferson County Courthouse

According to US Census estimates, the July 1st, 2008 population of Jefferson County was 11, 255. 2007 Census estimates place median household income at \$54,719, well above the state median, which was \$43,000. The county encompasses 1,658.9 square miles. Jefferson County abounds with natural resources, upon which its economy is based, including agriculture, forestry and mining.

The proposed North Jefferson County Industrial Tax Increment Financing District consists of approximately 122 acres and is located in the northern portion of Jefferson County, Montana and borders neighboring Lewis and Clark County. The property is located 2 miles northeast of Montana City and 1.25 miles south of East Helena and Highway 12 East. Montana Highway 518 borders the property to the west and Wood Haulers Road is located to the east. The property is in a rural setting and relatively flat without trees and is covered with native grasses and sagebrush. The adjacent property to the east is being utilized as an industrial landfill site that supports the Cities of Helena and East Helena and the surrounding area. A large cement manufacturing plant is located to the southwest, agricultural land to the north, an historic ranch/large events facility and old lead smelting facility to the west and northwest, making this area well suited for continued industrial development into the future. The surrounding area has scattered residential developments about one half mile to the south and one about three quarters of a mile to the northwest. The area has good access to major highways in both

the east/ west direction (Highway 12) and the north/ south direction (Interstate Highway 15). Soils in the area are conducive to development.

The development of the North Jefferson County District and the adjacent areas are being targeted as part of an on-going sustainability program that is designed to mitigate the loss of employment and tax base associated with overall structural changes in the mining industry throughout the county. A cooperative partnership between the community and prospective developers includes area stakeholders and citizens, working to sustain the current quality of life in the area by planning for new economic activity.

Tax Increment Financing for Industrial Development

Jefferson County intends to establish a Tax Increment Financing Industrial District (TIFID) for the area known as the North Jefferson County Industrial District. The base year for the purposes of measuring any incremental value will be 2009 and the base value will be calculated as of January 1, 2009.

Tax increment financing is a mechanism that allows communities to use new tax dollars resulting from increasing taxable value for reinvestment within the geographic area in which they are derived. Until 1989, tax increments could only be used for rehabilitation efforts within urban renewal areas, which were usually blighted central business districts. In 1989, the Montana Legislature amended the Montana Urban Renewal Law to enable municipalities to create special industrial districts which could employ tax increment financing to assist in the development and retention of secondary, value-adding industries. In doing so, the Legislature noted that the State of Montana wishes to encourage secondary, value-adding industrial manufacturing that uses Montana timber, mineral, oil and gas, coal and agricultural resources in the production of goods in the State. The legislation recognized that secondary, value-adding industries, in order to be competitive in today's world economy, require expensive infrastructure that is beyond the means of most Montana communities. Senate Bill 472 resulted in Section 7-15-4299 Montana Code Annotated (MCA), originally codified in 1989 and amended in 2007. This law enables communities to assist in industrial development in areas that are deemed to be infrastructure deficient. Tax increment financing may now be used for improvements as defined in 7-15-4288 MCA.

In March of 2008, the Montana Department of Revenue, under its administrative rule making authority, more specifically defined "secondary industries" as those that use mechanical or chemical processes to transform materials or substances into new products in the manner defined as manufacturing in the North American Industry Classification System Manual. These industries engage in the:

- processing of raw materials, such as minerals, ore, oil, gas, coal, agricultural products, and forestry products; or
- processing of semi-finished products that are used by the industry as a raw material in further manufacturing.

"Value-added" is defined as an increase in the worth of the raw or semi-finished product that results from a mechanical or chemical transformation and may not be attributable to a mere increase in existing production.

In order to make use of this innovative economic development strategy, Jefferson County must adopt an industrial development plan which defines the specific geographic area

within which the tax increment will be measured and reinvested. Further, the plan must outline those activities that the local government intends to undertake in order to successfully develop (or retain) value-adding industrial activity.

2. DISTRICT DESCRIPTION

The proposed TIFID is located in the northern portion of Jefferson County and is not located within the incorporate boundary of any city or town.

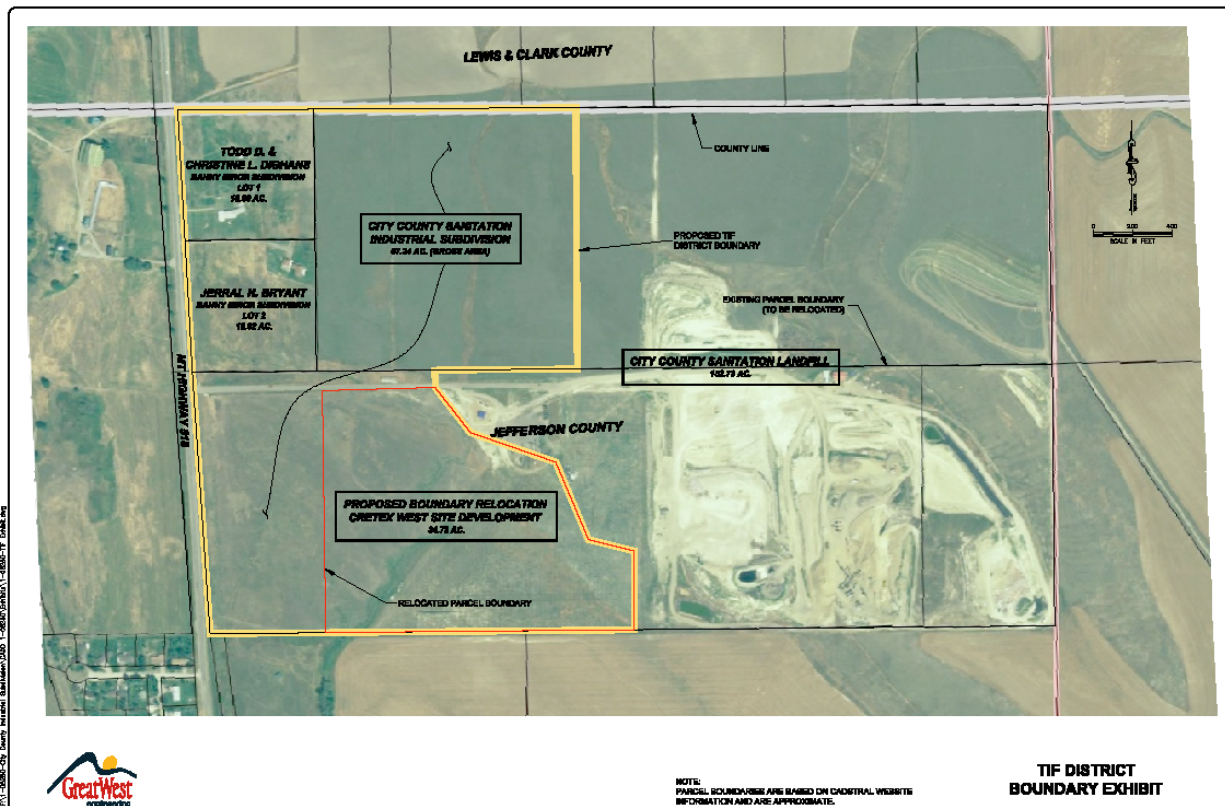
Legal Description

Beginning at the East $\frac{1}{4}$ corner of Section 6, T. 9 N., R. 2 W., P.M.M., Thence along the Southerly line of Tract A, COS 152653 a Bearing of S $89^{\circ}47'47''$ W a distance of 2386.18 feet to the True Point of Beginning; Thence S $89^{\circ}47'47''$ W a distance of 717.48 feet; Thence S $1^{\circ}26'13''$ E a distance of 79.74 feet, Thence S $37^{\circ}39'17''$ E a distance of 290.01 feet; Thence S $70^{\circ}31'51''$ E a distance of 459.42 feet; Thence S $22^{\circ}33'29''$ E a distance of 427.00 feet; Thence S $75^{\circ}36'27''$ E a distance of 240.00 feet; Thence S $0^{\circ}15'44''$ W to the South line of the North $\frac{1}{2}$ of the South $\frac{1}{2}$ of said Section 6, a distance of \pm 400.00 feet; Thence along said South Line S $89^{\circ}47'47''$ W a to the East ROW line of Montana Secondary Highway 518, a distance of \pm 2154.60 feet; Thence along said East line of Montana Secondary Highway 518 N $3^{\circ}13'42''$ W to the Northwest Corner of Lot 1, Bahny's Minor Subdivision a distance of \pm 2658.45 feet; Thence along the North line of Bahny's Minor Subdivision, and COS 152653 N $89^{\circ}45'12''$ E a distance of 2010.09 feet, Thence to the Point of Beginning S $0^{\circ}12'42''$ E a distance of 1336.27 feet. Described area encompassing \pm 121.98 acres.

Location Map

Figure 1 illustrates the proposed North Jefferson County Industrial District.

Figure 1. North Jefferson County Industrial District



INFRASTRUCTURE ANALYSIS – STATEMENT OF INFRASTRUCTURE DEFICIENCY

The development of secondary, value-adding industries in the TIFID will require adequate infrastructure -- roads, sewer, water, natural gas, electricity and communication facilities. A review of the existing infrastructure and the infrastructure needed for the development of these industries reveals far ranging deficiencies as follows:

Roads – The only road that lies within the district is an un-improved road to City County Land Fill. The road does not meet county standards and would not be suitable in its current state to handle heavy industrial truck traffic. There are no other internal roads

Water – A water main, owned by the City of East Helena in Lewis and Clark County is located on the property and use of water from this main would have to be approved by the City. If that is the case, water mains will have to be constructed to convey the water to individual properties within the district. In all likelihood, a community water system will have to be constructed, or water will have to be provided by individual wells on each parcel.

Wastewater – Currently there is no wastewater service in the proposed district. Either individual or shared septic systems will have to be installed.

Storm Drainage – Stormwater is currently conveyed via two ditches to natural drainages in the District. However, there are no storm water retention structures in place.

Utilities – Electrical and Phone services run along the Highway 518 corridor to the west, but there is no connecting service, except to the scale house at the land fill and to two 10-acre parcels located within the proposed TIFID District. The closest natural gas services are at least a mile away, in all directions.

4. INDUSTRIAL DEVELOPMENT ACTIVITIES TO BE UNDERTAKEN

Once the TIFID is established, The Jefferson County Commission will be responsible for the administration of the TIFID. The Jefferson Local Development Corporation, in conjunction with Jefferson County, will work to foster industrial economic development within the District. This program will be multifaceted and will include market analysis, capital improvement planning, industry recruitment, and project financing and implementation.

Identification of secondary, value-adding industries

A list of industries that could be targeted for development or expansion within the North Jefferson County Industrial Area is presented in Table 1, by North American Industry Classification System (NAICS) code.

Table 1. Potential Industries for Development Within the North Jefferson County Industrial Area

NAICS Code	Industry
236210	Industrial Buildings Construction – This industry comprises establishments primarily responsible for the construction (including new work, additions, alterations, maintenance, and repairs) of industrial buildings (except warehouses). The construction of selected additional structures, whose production processes are similar to those for industrial buildings (e.g., incinerators, cement plants, blast furnaces, and similar nonbuilding structures), is included in this industry. Included in this industry are industrial building general contractors, industrial building operative builders, industrial building design-build firms, and industrial building construction management firms.
Sector 31 to 33	General Manufacturing Sector – This group of is comprised of establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.
237310	Highway, Street, and Bridge Construction -- This industry comprises establishments primarily engaged in the construction of highways (including elevated), streets, roads, airport runways, public sidewalks, or bridges. The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to highway, street, and bridge construction (e.g., installing guardrails on highways).
541339	Engineering Services -- This industry group is comprised of establishments primarily engaged in applying physical laws and principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems. The assignments undertaken by these establishments may involve any of the following activities: provision of advice, preparation of feasibility studies, preparation of preliminary and final plans and designs, provision of technical services during the construction or installation phase, inspection and evaluation of engineering projects, and related services.

Further research and analysis will be required to determine which of these industries can be actively recruited based on market conditions and Jefferson County's unique position in the market place. Issues such as energy costs related to operations and transportation, distance from markets and overall industry trends, as well as infrastructure requirements will help determine industries to be targeted.

Capital Improvements Planning and Implementation

Jefferson County will, with the assistance of the Jefferson Local Development Corporation, undertake the necessary planning required to identify more particularly the infrastructure required to support the development of targeted secondary, value-adding

industries. This planning effort will address necessary capital improvements and the associated costs. Infrastructure design and development could include roads and other transportation infrastructure such as rail lines, pedestrian ways, sewage pre-treatment, sewer lines, community septic systems, water wells and mains, utilities, street lighting, communication infrastructure such as cell towers and additional fiber cable and buildings.

TIFID Program Design

Once targeted industries and required capital improvements have been more clearly identified, the next step will be to develop the mechanisms to implement the overall TIFID program. Given that private industrial development will generate the property taxes necessary to finance a portion of the infrastructure development, recruitment and infrastructure development must occur hand in hand. It is likely that construction of public infrastructure will be financed through the sale of Tax Increment Bonds in combination with other state and federal funding programs. Tax increment financing mechanisms can include:

- Tax Increment Bonds – Tax increment revenues would be pledged to pay bond principal and interest annually. The size and term of the bond would depend on tax increment revenues available from private sector taxpayers within the TIFID. While Montana law provides that tax increment districts may only be authorized for 15 years, the time period may be extended to coincide with the term of a tax increment bond, but no longer than an additional 25 years. In most cases, it will be necessary for the private taxpayer(s) to enter into an agreement with Jefferson County to assure, for the term of the bond, the annual payment of all property taxes due or an equivalent amount if the taxpayer no longer holds property in the district. The amount of tax increment realized each year must be enough to cover all bond payments due, as well as an adequate reserve.
- Annual Tax Increment Appropriations – Jefferson County may finance smaller public infrastructure improvements from its annual tax increment receipts by appropriation. Funds available each year would be determined by the size of the annual increment and any prior commitments (such as bond debt service requirements and administrative costs).
- Conventional Financing – Jefferson County may borrow funds from commercial lending institutions in order to finance public infrastructure improvements. Principal and interest on the loan will be paid by annual tax increment revenues. A conventional loan agreement will not, however, extend the authorized 15 year time period for a TIFID.

Per 7-15-4291 MCA, Jefferson County may enter into agreements with the other affected taxing bodies to remit to such taxing bodies any portion of the annual tax increment not currently required for the payment of the costs listed in 7-15-4288 MCA or pledged to the payment of the principal of premiums, if any, and interest on bonds.

Industry Recruitment

Once the District is established, local staff and resources and/or consultant services could be used to assist in the development of business plans, market studies and general

research to recruit secondary, value-adding industries to the TIFID. Once the District starts generating revenue, TIFID funds may be directed to these activities as well.

Partnership Development

The TIFID program will rely on cooperative efforts among Jefferson County, the Jefferson Local Development Corporation and other development organizations to achieve its goal of fostering industrial development. In many cases, these cooperative partners will work jointly on market analyses, business recruitment and capital improvements planning. Also, as noted above, it will be necessary to work with other local, state and federal entities in providing additional financing and matching funds to build industrial infrastructure in the TIFID. Potential partnerships can be forged using a variety of programs and funding mechanisms. A sampling of these includes:

Programs

- The Treasure State Endowment Program (Montana)
- Community Development Block Grant (U.S. Department of Urban Development)
- The Montana InterCap Program
- Economic Development Administration (U.S. Department of Commerce)
- *Water, Wastewater and Solid Waste Action Coordinating Team* (a group of professionals from state, federal, and non-profit organizations that finance, regulate, or provide technical assistance for community water and wastewater systems)
- Community Transportation Enhancement Program – Under 23 USC 133 (d) (2) (Federal Code), 10 percent of the Surface Transportation Program monies are awarded to each state for transportation enhancements.

Funding Mechanisms

- Local mill levies for transportation infrastructure (7-14-4101 MCA)
- Transportation Improvement Authority (7-14-1001, MCA)
- Special Improvement Districts (7-12-4101 MCA)
- Debt Financing – Cities can make use of various kinds of debt financing to fund industrial development projects. These include general obligation bonds, special improvement district bonds and revenue bonds as well as Tax Increment Financing Bonds.
- State Fuel Tax (15-70-101MCA)

Program Administration

The Jefferson County Commission, with assistance from the Jefferson Local Development Corporation, will appoint a five member TIFID Advisory Board to provide ongoing administrative support for the County's TIFID Program. In addition to the five appointed members, a member of the County Commission will serve as an ex-officio member of the Board. The Board will be responsible for identifying projects and programs for the TIFID Districts within Jefferson County. The Board will prepare an Annual Work Plan for each TIFID District, which will be submitted to the County Commissioners in May of each year for the following fiscal year (July 1st to June 30th). The Plan shall include the following elements:

- Anticipated Increment Revenue for the Year
- Project Priorities and Associated Costs

- Financing Strategies Anticipated
 - Direct Increment Revenue
 - Debt Financing
 - Other Sources of Funding
- Administrative Budget for the Board including staff and consulting services

The County Commissioners will review each TIFID District's Annual Work Plan and determine whether any changes are necessary before approving the Plan. Jefferson County will be responsible for providing staff support for the TIFID Advisory Board. Administrative support staff may be provided through existing Jefferson County employees and/or through an agreement with the Jefferson Local Development Corporation. The Advisory Board and its staff will be responsible for implementing the Annual Work Plan including:

- Developing financing strategies
- Working with State and County staff to maintain the Tax Increment Financing Accounts within the County's budget
- Working with property owners and developers to identify public infrastructure projects
- Reviewing proposed infrastructure development projects
- Following all County procurement rules with respect to:
 - Preparing bid and proposal requests
 - Reviewing proposals from engineers, contractors and other vendors
 - Making recommendations to the Commission regarding contractor selection
- Monitoring projects
- Conducting engineering studies and project feasibility analyses

Each member of the Advisory Board will serve for two years and may be reappointed. The first appointees to the Board will be appointed in the following manner, to provide for staggered terms:

- Two members for two years
- Two members for one year
- One member for three years

Following this initial appointment schedule, all Board members will be appointed for a term of two years.